



STATE SENATOR
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Indiana State Senate
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2004 Post-Session Newsletter

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Defining Marriage

The traditional definition of marriage has been under attack in courts across America by special interest groups representing the same sex rights lobby. Recently, the Massachusetts Supreme Court ruled that same sex marriages must be recognized under state law. A similar effort is underway in Indiana, as the Indiana Civil Liberties Union has sued on behalf of three same sex couples to have their relationships recognized as marriages in the Hoosier state.

The concept of one man, one woman marriage has been enshrined in our history, our laws, and our religious traditions for thousands of years and I believe it should be protected and promoted. Efforts to legitimize same sex marriage hurt the tradition-

al institution of marriage and open the door to legal challenges in favor of polygamy and other outlandish behaviors.

Indiana law, as well as the law in 37 other states and federal law, currently defines marriage as the union of one man and one woman. However, if these interest groups are successful in their court challenge, an amendment to the Indiana Constitution is the only means available to protect our law and our traditions. Four states currently have such an amendment, and President Bush called for an amendment to the U.S. Constitution in his State of the Union speech, and again recently.

To address this attack on traditional marriage, Senate Joint Resolution 7, which I co-authored, was introduced by Senator Brandt Hershman to amend the Indiana Constitution to define marriage and prevent recognition of same sex couples. SJR 7 would have to be approved by two

separately elected general assemblies and put on a statewide ballot for voter approval before it could become law.

The measure passed the full Senate by a vote of 42 to 7 after several hours of cordial debate and discussion. Unfortunately, when the resolution passed to the House of Representatives for consideration, the Speaker of the House declared that he would allow no public hearing on the matter. In response, House Republicans lobbied for several weeks and attempted a variety of legislative maneuvers to convince the Speaker to reconsider. Unfortunately, the Speaker would not relent, so there will be no opportunity for citizens to vote on the issue until late 2008.

I believe this is a matter which should be addressed by the entire legislature and the citizens of Indiana through a statewide voting referendum, rather than through the actions of an activist judiciary.

Marriage should be constitutionally defined as the union of one man and one woman.



State Senator
Kent Adams

Serving District 9 — Elkhart, Kosciusko, Marshall, and St. Joseph counties



2004 Facts & Figures

The Second Regular Session of the 113th General Assembly began on Organization Day, November 18, 2003, and adjourned March 4, 2004. The Senate met in session 34 days.

This non-budget year is known as the "short" session.

Senate bills introduced: 503
Senate joint resolutions introduced: 10

Senate bills passed: 18
Senate joint resolutions passed: 0

House bills introduced: 459
House joint resolutions introduced: 7

House bills passed: 80
House joint resolutions passed: 0

Percent of introduced bills that were sent to the governor: 10%

For more information about the General Assembly's 2004 session, visit us online at: www.in.gov/legislative

Visit my site at: www.in.gov/S9

Why Do We Have Property Taxes?

The property tax is the most difficult tax to comprehend. There has been a lot of talk in the media lately about the property tax situation in Indiana. Some of the issues regarding property taxes can be confusing.

Property taxes fund the majority of local government operations. According to the National Conference of State Legislatures, local government relies upon property taxes for almost 90 percent of its tax revenue. These taxes pay for a variety of services, including teachers' salaries, school buildings, parks, police and fire protection, libraries, poor relief and other municipal and school functions. In Indiana, state government receives less than one tenth of a percent of all property taxes collected.

Some citizens believe that the property tax is outdated, and unfair to those who have to pay it. Historically, property taxes have funded local governments in the United States since the mid-1800s. Back then, ownership of property was a better indicator of a person's wealth. More property meant more wealth. It was fair to tax a person's land because it was more representative of earnings.

Today, fairness is not so clear. Ownership of property is not always an indication of how much wealth a person has and certainly not indicative of the person's income and ability to pay taxes.

This most recent reassessment evaluated land based upon market value. The Supreme Court ruled that the previous method of reassessment was unfair to homeowners because homes with similar values were assessed differently.

Some citizens have recommended moving toward a system based more on a citizen's ability to pay, such as a higher income and sales tax. No tax is popular, and especially not the income tax, which has not been well-received by the public in the past when it was proposed. Increasing the sales tax also may create more problems because it is not based on one's ability to pay and hurts lower income people the most. And right now, an increase of two or three pennies on the dollar is not enough to make up the billions needed in order to eliminate the property tax.

One of the reasons that this move toward elimination of the property tax is difficult for

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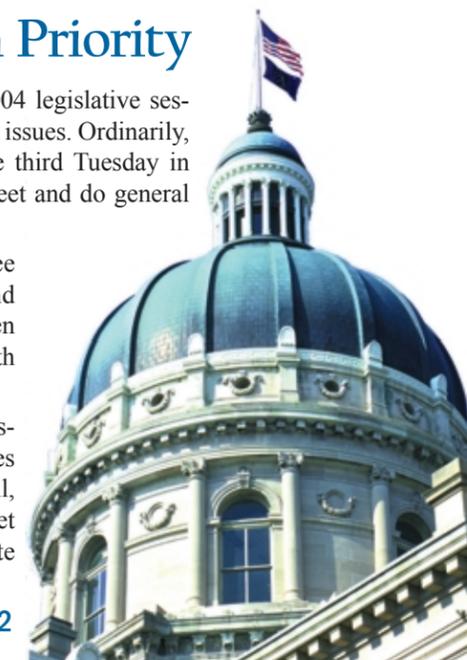
Property Taxes Remain Priority

The Indiana General Assembly started the 2004 legislative session earlier than usual to address property tax issues. Ordinarily, the legislature convenes for one day on the third Tuesday in November, called Organization Day, in order to meet and do general 'housekeeping' business.

This session, legislators conducted committee meetings and held session in November and December to attempt to ease the property tax burden for homeowners, farmers and employers hit with higher tax bills than expected.

Due to the court-ordered property tax reassessment, some problems have surfaced in a few counties around the state. During several weeks in the fall, members of the Senate Finance Committee met around the state to gather information and evaluate state policy on property taxes.

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PROPERTY TAX

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The result of the “mini-session” was Senate Enrolled Act 1. One of the most important provisions of SEA 1 will limit future property tax increases through strict controls on local government spending. In 2002, legislators tried to anticipate the effects of reassessment and passed a bill that shifted the tax burden to sales and gaming taxes in order to generate an additional \$1 billion in tax relief for property owners. The legislature did not anticipate the substantial increases in local government budgets in some counties, that counteracted much of the property tax relief in those counties.

When session reconvened in January, House Enrolled Act 1001 was enacted to clarify and update language in SEA 1. Senators also updated existing deductions for the elderly, blind or disabled, wartime service disabled, disabled veteran, surviving spouse of a WWI veteran, WWI veteran, residential property rehabilitation and historic and distressed property rehabilitation.

Fairness and doing what’s right for Hoosier homeowners, farmers and family businesses is paramount. There are no quick and easy solutions. The newly formed Property Tax Replacement Study Commission will study property taxes and work toward solutions that reflect the concerns of all Indiana taxpayers.

What Senate Enrolled Act 1 Does:

- Allows counties to waive penalties assessed for late payment of property taxes
- Allows taxpayers to pay their property taxes in installments
- Extends the filing deadline for existing property tax deductions and exemptions
- Requires approval from elected officials of significant property tax increases by non-elected boards, such as libraries.
- Streamlines the property tax appeal process to make it easier for taxpayers
- Requires assessors to use most favorable assessment method for rental properties
- Repeals local governments’ ability to raise and spend excess levies and requires any excess funds to be used to reduce future levies

Fairness in Funding:



Full-day kindergarten should be implemented the right way.

During last year’s budget session of the General Assembly, education was the legislature’s number one priority. It was the only area in government that was given an increase during these difficult fiscal times. While surrounding states have cut education, Indiana worked hard to provide schools with a 3.3 percent increase in funding for Fiscal Year 2004 and a 2.9 percent increase in 2005. This additional funding has placed Indiana 10th in the country in per pupil spending, a commitment that senators want to be able to keep.

The state has drained every reserve account to make ends meet and provide schools with the money needed to continue essential programs for this budget cycle. The numbers from the most recent revenue forecast show that the state is not recovering as quickly as hoped and that the state needs to be cautious about what we are spending so we can keep the promise we made to our schools.

After an early start to our 2004 session, which officially began in mid-November, the governor suddenly decided that full-day kindergarten would be his top priority when he gave his State of the State address in January.

His first proposal was to fund the partial tuition of 20,000 full-day kindergarten pupils this fall. Parents were expected to pay for a portion of their child’s extra hours at school. The governor proposed several shaky funding mechanisms to cover the remainder, including changing the state constitution to tap into an account reserved for schools’ construction and renovation projects.

When the bill reached the Senate, the majority agreed that the state simply does not have enough money right now to pay for a statewide full-day kindergarten program. All agree that early learning is important, which is why the Senate formed a committee to work this summer to find sustainable funding for the initiative. Unfortunately, Democrats decided that if they couldn’t get funding this year, they were not interested in studying the issue this summer. The bill died in conference committee on the last night of the session.

We believe in Indiana’s children, and we want them to have every opportunity to be successful. That is why it is important to approach new government programs and spending with a critical eye. We must first fund current obligations to public education before committing ourselves to spending more taxpayer dollars.

Indiana is 10th in the nation for per-pupil education spending. Education is the only area of government that received an increase in funding during hard economic times.

HOUSE ENROLLED ACT 1265 — Establishes a program pooling state employees to negotiate lower prices for bulk purchases of prescription drugs. Applies to schools, state colleges and universities, and cities and towns. **PASSED. My vote: YES**

SENATE BILL 85 — Makes it illegal to have open alcoholic beverage containers in a motor vehicle, regardless of whether or not the driver has been drinking. This law would bring Indiana \$4 million in federal funds. **FAILED. My vote: YES**

HOUSE ENROLLED ACT 1082 — Requires a review of entries in the Missing Children Clearinghouse within 60 days after the review required by laws governing reports made to the National Crime Information Center (NCIC). **PASSED. My vote: YES**

WORKING - for - JOBS

In 2003, the Senate passed legislation with significant economic development measures, dubbed the JOBS plan. Economic development is full time work, and we are constantly trying to improve our business climate here in Indiana to help more Hoosiers find jobs.

Despite a \$1 billion state budget deficit, the Senate has continued to seek new ways to foster a more competitive atmosphere for businesses in Indiana.

One critical bill, House Enrolled Act 1365, passed the Senate this session and should provide some new momentum for our economic development efforts. It is a combination of several bills that focus on expanding small business investment, improving research and development and encouraging growth around the state.

Economic Development Provisions in HEA 1365

- Makes several research and investment tax credits permanent. **Economic Importance:** Businesses will have confidence to invest in creating innovative new products knowing the credits are stable.
- Adds the Emerging Technology Grant Fund to the 21st Century Research and Technology Fund. **Economic Importance:**The Fund will match federal grants for small-sized technology-based businesses to accelerate the commercialization of new discoveries in the life sciences, information technology, advanced manufacturing, or logistics industries.
- Gives tax incentives to businesses who locate new or expanded operations on closed military bases. **Economic Importance:**Incentives given to businesses on Grissom Air Force Base, Fort Benjamin Harrison and Crane Naval Surface

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governments is that it is a very stable form of revenue. In times of recession, such as the last several years when citizens’ income levels were lower, sales and income tax collections decreased and the state has had trouble

funding essential government programs and services.

Legislators want to help those with high property tax bills. In the 2002 special session, the legislature raised the sales tax a penny and dedicated all of the money to property tax relief for homeowners. Currently, one third of the state budget goes

toward property tax relief, dedicating over \$3.6 billion a year.

Work will continue to solve those problems that can be fixed immediately along with exploring ways to reduce the reliance on property tax and work toward solutions that reflect the concerns of all citizens.



During a busy session day, Senator Adams reviews legislation at his desk on the Senate floor. The daily Senate session almost always starts at 1:30 p.m. Senators read and review bills before voting on the day’s calendar.

Warfare Center will spark the local economy. New tax incentives are vital due to the elimination of the inventory tax by 2007.

- Improves rules regarding Community Revitalization Enhancement Districts (CREDS).

Economic Importance: CREDS are important economic development tools for the downtown areas of our cities. Expanding and improving CREDS will further these efforts.

- Allows local governments to assess an annual fee to recipients of tax abatements.

Economic Importance: The fee would be used by local economic development boards to help provide more jobs within the area. It would help small rural communities that do not have big budgets for economic development.

- Repeals the sales tax on complimentary hotel rooms.

Economic Importance: Indiana will be more competitive with other states in attracting tourism and convention business.

The provisions mentioned are only several of many economic development bills filed this session. We will continue our effort to provide Indiana with the tools needed to improve our economic climate.

HOUSE ENROLLED ACT 1229 — Protects consumers from predatory lending. Establishes the homeowner protection unit in the office of the attorney general. Requires home ownership education programs. **PASSED. My vote: YES**

HOUSE ENROLLED ACT 1273 — Amends the comprehensive health insurance association (ICHIA) law concerning premium rates, assessments, tax credits, provider reimbursement, provider contracting, and balance billing. **PASSED. My vote: YES**

HOUSE ENROLLED ACT 1194 — Opens state records regarding a child who died as a result of abuse, abandonment, or neglect. Requires extensive background checks on all members of a household for temporary and permanent placements. **PASSED. My vote: YES**